

# Equilibrium targets three more greenhouse acquisitions

The firm has acquired and leased two greenhouse facilities to indoor ag company Revel Green and will repeat the formula for its upcoming acquisitions.

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[Equilibrium](#) plans to finance at least three more greenhouse facilities to be operated by Medford, Minnesota-headquartered indoor agriculture company Revel Green, the real asset specialist's chairman said.

"We have several phases of expansion in leafy greens that are baked into the plan," said Dave Chen. "Consider the SunSelect greenhouse in Tehachapi as [Revol Green's] second location. What we are supporting is their 'Five Year/Five Sites' expansion plan, so there is another three to go."

Equilibrium acquired SunSelect's 64-acre greenhouse in Tehachapi, California in December for an undisclosed price. Revel Green plans to build a 16-acre automated lettuce and leafy greens facility within the greenhouse.

A market source told *Agri Investor* that capital for the Tehachapi acquisition was drawn from Controlled Environment Foods Fund II, for which Equilibrium is currently seeking \$500 million, according to a [Securities and Exchange filing](#) shown in early December.

Chen declined to disclose the location, crop focus or financial details for the future expansion acquisitions Equilibrium will pursue with Revel Green.

A unit of Equilibrium paid [\\$11.3 million](#) to acquire Revol Green's greenhouse in Medford in a January 2019 deal, described at the time as similar to the sale/leaseback structure often employed in farmland transactions. Chen noted that as part of that transaction, Equilibrium also financed an expansion of the Minnesota facility, which is now almost completed.

Chen explained that, using a similar sale/leaseback structure as the Medford transaction, Revol Green has entered into a lease to operate the greenhouse in Tehachapi.

Equilibrium was presented with the opportunity to purchase the facility after its previous owner, SunSelect Produce, entered into an agreement to sell the majority of its assets to a cannabis firm that Chen declined to identify.

SunSelect, a greenhouse operator headquartered in British Columbia, Canada, is currently listed as a [portfolio company](#) of [Rio Investment Partners](#), an agri-food-focused venture capital firm established last year by former executives of ag-focused Canadian venture capital firm [Avrio Capital](#).

"This was [SunSelect's] last remaining asset and it's a beautiful, beautiful asset," Chen said. "We saw the opportunity to help them and they help us in terms of our expansion."

Around 12 months ago, Chen said, the expansion of North American cannabis production was significant enough to prompt some operators of existing greenhouses to switch from vegetables to the crop. The cannabis boom also briefly slowed construction of new vegetable-focused greenhouses, he added.

"There are only so many construction crews, so there was a temporary diversion of construction crews onto cannabis greenhouses," said Chen. "By and large, we haven't seen any persistent effect of the cannabis build-out and their own supply/demand issues."

Equilibrium surpassed an initial target of \$250 million before closing the first

iteration of its Controlled Environment Foods Fund on [\\$336 million](#) in April.